



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

14 CFR Part 1245

[Docket No: NASA-2015-0001]

RIN: 2700-AE02

Patents and Other Intellectual Property Rights

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Direct final rule.

SUMMARY: NASA has adopted as final, without change, a proposed rule amending its patent waivers regulations to update citations and the patent waiver policy, and to clarify and update the patent waiver procedures, so they are more in line with the National Aeronautics and Space Act (Space Act), the authorizing statute.

DATES: This rule is effective [INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]. Comments due on or before [INSERT DATE 15 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]. If adverse comments are received, NASA will publish a timely withdrawal of the rule in the Federal Register.

ADDRESSES: Comments must be identified with RIN 2700-AE02 and may be sent to NASA via the Federal E-Rulemaking Portal: <http://www.regulations.gov>. Follow the online instructions for submitting comments. Please note that NASA will post all comments on the Internet with changes, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: Helen M. Galus, Office of the General Counsel, NASA Headquarters, telephone (202) 358-3437.

SUPPLEMENTARY INFORMATION:**I. Background**

NASA published a proposed rule in the **Federal Register** at 79 FR 60119, on October 6, 2014, to amend its patent waiver regulations to update citations to the United States Code, to clarify the requirements and procedures for petitioning for a patent waiver so they follow more closely the terms of the Space Act, and to add grounds for denial of a petition for waiver of foreign rights.

No comments were submitted on the proposed rule.

II. Discussion and Analysis

The NASA Office of the General Counsel had no comments to consider. NASA has adopted the proposed rule as final with one additional section update. After the proposed rule was published, an outdated citation was found in § 1245.108 License to contractor. In paragraphs (b) and (c), 14 CFR 1245.2 was updated to 37 CFR Part 404. Also, “Government-Owned” was substituted for “NASA” in paragraph (b), and “in accordance with applicable regulations in” was substituted for “under the Licensing of NASA Inventions” in order to clarify the sentence in paragraph (c).

A. Summary of Significant Changes

No changes were made as a result of public comments.

B. Analysis of Public Comments

No public comments were submitted.

III. Direct Final Rule

NASA has determined this rulemaking meets the criteria for a direct final rule because it involves adopting a proposed rule amending its patent waivers regulations to update citations and the patent waiver policy, and to clarify and update the patent waiver procedures, so they are more in line with the National Aeronautics and Space Act (Space Act), the authorizing statute. This

rule has one additional update to correct an outdated citation. No opposition to the changes and no significant adverse comments are expected. However, if NASA receives significant adverse comments, it will withdraw this direct final rule by publishing a notice in the Federal Register.

A significant adverse comment is one that explains: (1) Why the direct final rule is inappropriate, including challenges to the rule's underlying premise or approach; or (2) why the direct final rule will be ineffective or unacceptable without a change. In determining whether a comment necessitates withdrawal of this direct final rule, NASA will consider whether it warrants a substantive response in a notice and comment process.

IV. Regulatory Analysis Section:

Paperwork Reduction Act Statement

This rule does not contain an information collection requirement subject to the Paperwork Reduction Act of 1995 (44 U.S.C. § 3501 et seq.).

Executive Order 12866 and Executive Order 13563

Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has not been designated a “significant regulatory action” under section 3(f) of Executive Order 12866.

Regulatory Flexibility Act

It has been certified that this rule is not subject to the Regulatory Flexibility Act (5 U.S.C. § 601) because it would not, if promulgated, have a significant economic impact on a substantial

number of small entities. The rule sets forth policies and procedures for submitting and reviewing petitions for waiver of the Government's rights to certain inventions made under government funded contracts, pursuant to section 20135(b)(1) of the National Aeronautics and Space Act, 51 U.S.C. 20135(b)(1). The provisions do not apply to inventions made under any contract, grant, or cooperative agreement with a nonprofit organization or small business firm that are afforded the disposition of rights as provided in 35 U.S.C. 200-204 (Pub. L. 96-517, 94 Stat. 3019, 3020, 3022 and 3023; and Pub. L. 98-620, 98 Stat. 3364-3367). Therefore, the rule will not have a significant economic impact on a substantial number of small entities.

List of Subjects in 14 CFR Part 1245

Inventions, Patents and waivers.

Accordingly, 14 CFR Part 1245 is amended as follows:

PART 1245—PATENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Subpart 1—Patent and Waiver Regulations

1. The authority citation for Part 1245, Subpart 1, is revised to read as follows:

Authority: 51 U.S.C. 20135, 35 U.S.C. 200 *et seq.*

2. Section 1245.100 is revised to read as follows:

§ 1245.100 Scope.

This subpart prescribes regulations for the waiver of rights of the Government of the United States to inventions made under NASA contract in conformity with section 20135 of the National Aeronautics and Space Act (51 U.S.C. Chapter 201).

3. Section 1245.101 is revised to read as follows:

§ 1245.101 Applicability.

The provisions of the subpart apply to all inventions made or which may be made under conditions enabling the Administrator to determine that the rights therein reside in the Government of the United States under section 20135(b)(1) of the National Aeronautics and Space Act, 51 U.S.C. 20135(b)(1). The provisions do not apply to inventions made under any contract, grant, or cooperative agreement with a nonprofit organization or small business firm that are afforded the disposition of rights as provided in 35 U.S.C. 200–204 (Pub. L. 96–517, 94 Stat. 3019, 3020, 3022 and 3023; and Pub. L. 98–620, 98 Stat. 3364–3367).

4. Section 1245.102 is amended by revising paragraph (c), redesignating paragraphs (d) through (j) as paragraphs (e) through (k), and adding new paragraph (d) to read as follows:

§ 1245.102 Definitions and terms.

* * * * *

(c) Invention means any, new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(d) Class of inventions means inventions directed to a particular process, machine, manufacture, or composition of matter, or to a narrowly drawn, focused area of technology.

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5. Section 1245.103 is amended by revising paragraphs (a) and (b) to read as follows:

§ 1245.103 Policy.

(a) In implementing the provisions of section 20135(g) of the National Aeronautics and Space Act (51 U.S.C. Chapter 201), and in determining when the interests of the United States would be served by waiver of all or any part of the rights of the United States in an invention or class of inventions made in the performance of work under NASA contracts, the Administrator will be

guided by the objectives set forth in the National Aeronautics and Space Act, by the basic policy of the Presidential Memorandum and Statement of Government Patent Policy to the Heads of the Executive Departments and agencies dated February 18, 1983, by the goals and objectives of its current Authorization Act, Strategic Plan, and other pertinent National policies or laws, such as the National Space Policy of the United States of America. Any such waiver may be made upon such terms and under such conditions as the Administrator shall determine to be required for the protection of the interests of the United States. Among the most important goals are to provide incentives to foster inventiveness and encourage the reporting of inventions made under NASA contracts, to provide for the widest practicable dissemination of new technology resulting from NASA programs, and to promote early utilization, expeditious development, and continued availability of this new technology for commercial purposes and the public benefit. In applying this regulation, both the need for incentives to draw forth private initiatives and the need to promote healthy competition in industry must be weighed.

(b) Several different situations arise when waiver of all or any part of the rights of the United States with respect to an invention or class of invention may be requested and are prescribed in §§ 1245.104 through 1245.106. Under § 1245.104, advance waiver of any or all of the rights of the United States with respect to any invention or class of inventions which may be made under a contract may be requested prior to the execution of the contract, or within 30 days after execution of the contract. Waiver of rights to an identified invention made and reported under a contract are to be requested under § 1245.105, and may be requested under this provision even though a request under § 1245.104 was not made, or if made, was not granted. Waiver of foreign rights under § 1245.106 may be requested concurrently with domestic rights under § 1245.104 or § 1245.105, or may be made independently.

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6. Section 1245.104 is amended by:

- a. Revising paragraphs (a), (b) introductory text, (b)(2), (b)(3) introductory text, (b)(3)(v), (c), and (d);
- b. Removing paragraph (e); and
- c. Redesignating paragraph (f) as paragraph (e).

The revisions read as follows:

§ 1245.104 Advance waivers.

(a) The provisions of this section apply to petitions for waiver of domestic rights of the United States with respect to any invention or class of inventions which may be made under a contract.

(b) The NASA Inventions and Contributions Board normally will recommend grant of a request for advance waiver of domestic rights submitted prior to execution of contract or within 30 days after execution of the contract unless the Board finds that the interests of the United States will be better served by restricting or denying all or part of the requested rights in one or more of the following situations:

* * * * *

(2) When a determination has been made by Government authority which is authorized by statute or Executive order to conduct foreign intelligence or counter-intelligence activities that the restriction or denial of the requested rights to any inventions made in the performance of work under the contract is necessary to protect the security of such activities; or

(3) Where the Board finds that exceptional circumstances exist, such that restriction or denial of the requested rights will better promote one or more of the following objectives:

* * * * *

(v) Ensuring that the Government retains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions.

(c)(1) An advance waiver, when granted, will be subject to the reservations set forth in § 1245.107. Normally, the reservations of § 1245.107(a), License to the Government, and § 1245.107(b), March-in rights, will apply. However, should one or more of the situations set forth in paragraphs (b)(1) through (b)(3), of this section exist, rather than denying the advance waiver request, the Board may recommend granting to the contractor only part of the requested rights, to the extent necessary to address the particular situation, consistent with the policy and goals of § 1245.103. In that event, the waiver grant will be subject to additional reservations as provided for in § 1245.107(c).

(2) To meet the National Aeronautics and Space Act standard of “any invention or class of inventions,” for advance waivers, the petition shall identify the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested. Therefore, the petition must be directed to a specific invention(s) or to inventions directed to a particular process, machine, manufacture, or composition of matter, or to a narrowly drawn, focused area(s) of technology.

(3) An advance waiver, when granted, will apply only to inventions reported to NASA under the applicable terms of the contract and a designation made within 6 months of the time of reporting (or a reasonable time thereafter permitted for good cause shown) that the contractor elects title to the invention and intends to file or has filed a U.S. patent application. Such election will be made by notification in writing to the patent representative designated in the contract. Title to all other inventions made under the contract are subject to section 20135(b)(1) of the National

Aeronautics and Space Act, 51 U.S.C. 20135(b)(1). The granting of the advance waiver does not otherwise relieve a contractor of any of the invention identification or reporting requirements set forth in the applicable patent rights clause in the contract.

(4) The advance waiver shall extend to the invention claimed in any patent application filed on the reported invention, including any subsequent divisional or continuation application thereof, provided the claims of the subsequent application do not substantially change the scope of the reported invention.

(d) When a petition for waiver is submitted under paragraph (b) of this section, prior to contract execution, it will be processed expeditiously so that a decision on the petition may be reached prior to execution of the contract. However, if there is insufficient time or insufficient information is presented, or for other reasons which do not permit a recommendation to be made without unduly delaying execution of the contract, the Board will inform the contracting officer that no recommendation can be made prior to contract execution and the reasons therefor. The contracting officer will then notify the petitioner of the Board's action.

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7. Section 1245.106 is amended by revising paragraphs (c) and (d) to read as follows:

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§ 1245.106 Waiver of foreign rights.

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(c) The Board will normally recommend the waiver of foreign rights be granted under paragraph (a) or paragraph (b) of this section in any designated country unless:

(1) The Board finds that exceptional circumstances exist, such that restriction or denial of the requested foreign rights will better promote one or more of the objectives set forth in §

1245.104(b)(3)(i) through (v); or

(2) The Board finds that the economic interests of the United States will not be served thereby; or unless

(3) In the case of an individual identified invention under paragraph (b) of this section, NASA has determined, prior to the request, to file a patent application in the designated country.

(d) If, subsequent to the granting of the petition for foreign rights, the petitioner requests and designates additional countries in which it wishes to secure patents, the Chairperson may recommend such request, in whole or in part, without further action by the Board.

8. Section 1245.107 is amended by revising the introductory text of paragraph (b) to read as follows:

§ 1245.107 Reservations.

* * * * *

(b) *March-in rights.* For any invention for which waiver of rights has been granted under this subpart, NASA has the same right as set forth in 35 U.S.C. 203 and 210, with the procedures set forth in § 1245.117 and 37 CFR 401.6, to require the contractor, an assignee, or exclusive licensee of the invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the contractor, assignee, or exclusive licensee refuses such a request, NASA has the right to grant such a license itself if NASA determines that:

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9. Section 1245.108 is amended by revising the first sentence of paragraph (b) and the last sentence of paragraph (c).

§ 1245.108 License to contractor.

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(b) The contractor's domestic license may be revoked or modified by the Administrator to the extent necessary to achieve expeditious practical application of the invention pursuant to an application for an exclusive license submitted in accordance with the Licensing of Government-Owned Inventions (37 CFR part 404). ***

(c) *** The contractor shall have the right to appeal, in accordance with applicable regulations in 37 CFR part 404, any decision concerning the revocation or modification of its license.

10. Section 1245.110 is amended by redesignating paragraphs (b) and (c) as paragraphs (c) and (d), and by adding new paragraph (b) to read as follows:

§ 1245.110 Content of petitions.

* * * * *

(b) Advance waiver petitions shall also identify the invention(s) and/or class(es) of inventions that the Contractor believes will be made under the contract and for which waiver of rights is being requested, in accordance with § 1245.104(c)(2).

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11. Section 1245.112 is amended by revising paragraph (a) to read as follows:

§ 1245.112 Notice of proposed Board action and reconsideration.

(a) *Notice.* Except as provided by § 1245.104(d), the Board will notify the petitioner, through the contracting officer, with respect to petitions for advance waiver prior to contract execution, and directly to the petitioner for all other petitions:

(1) When it proposes to recommend to the Administrator that the petition be:

(i) Granted in an extent different from that requested; or

(ii) Denied.

(2) Of the reasons for the recommended action adverse to or different from the waiver of rights requested by the petitioner.

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12. Section 1245.116 is amended by revising paragraph (b) to read as follows:

§ 1245.116 Miscellaneous provisions.

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(b) *Statement of Government rights.* The waiver recipient shall include, within the specification of any United States patent application and any patent issuing thereon for a waived invention, the following statement:

The invention described herein was made in the performance of work under NASA Contract No. lll, and is subject to the provisions of Section 20135 of the National Aeronautics and Space Act (51 U.S.C. Chapter 201).

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13. Section 1245.117 is amended by revising paragraph (a) to read as follows:

§ 1245.117 March-in and waiver revocation procedures.

(a) The exercise of march-in procedures shall be in conformance with 35 U.S.C. 203 and the applicable provisions of 37 CFR 401.6, entitled “Exercise of march-in rights for inventions made by nonprofit organizations and small business firms.”

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Nanette Jennings

Federal Register Liaison Officer.

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